

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

V.

**STEPHEN L. BAILEY,
SAPPHIRE EXPLORATION, LLC, and
HARRIS EXPLORATION, INC.,**

Defendants

) Civil Action No.: 3:23-cv-2130

) JURY TRIAL DEMANDED

AGREED MOTION TO STAY CASE

Plaintiff Securities and Exchange Commission (“SEC” or the “Commission”) files this Agreed Motion to Stay Case, and respectfully shows the Court as follows:

1. On September 25, 2023, the Commission filed its Complaint alleging that Stephen L. Bailey (“Bailey”) and his companies, Harris Exploration, Inc. (“Harris”) and Sapphire Exploration LLC (“Sapphire”) (collectively, “Defendants”), raised approximately \$7.8 million from 51 individual investors across the country in at least seven fraudulent securities offerings.

2. On January 24, 2024, in Case No. 3:24-cr-00022 in the U.S. District Court for the Northern District of Texas, Defendant Bailey was charged, via criminal information, with two counts of securities fraud. The criminal charges against Bailey are based on the same conduct alleged in the SEC's Complaint against him. (Information attached as Exhibit A).

3. Also on January 24, 2024, the government and Bailey entered into a plea agreement in which Bailey agreed to plead guilty to both counts of the Information. (Plea Agreement attached

as Exhibit B). Bailey signed a factual resume supporting his anticipated plea of guilty. (Factual Resume attached as Exhibit C).

4. Defendant Bailey's arraignment was initially set for April 23, 2024 before Magistrate Judge Rutherford. On April 22, 2024, the arraignment was reset for June 25, 2024 before Magistrate Judge Harris Tolliver.

5. On June 5, 2023, the Court ordered the Commission to move for entry of default and default judgment against each Defendant in this case by July 5, 2024.

6. The SEC and Defendant Bailey, who controls the entity defendants, intend to settle the SEC's civil case once the criminal case is resolved and all parties believe that Bailey's criminal sentence will have a direct bearing on the expected agreed remedies in this civil case.

Accordingly, the Commission asks the Court in this Agreed Motion to stay this case until Defendant Bailey is sentenced in the criminal case, at which point counsel for the Commission will seek approval for remedies against Defendants and the parties will present agreed consents and proposed final judgments to the Court.

Dated: June 14, 2024

Respectfully submitted,

Matthew J. Gulde

Matthew J. Gulde
Illinois Bar No. 6272325
United States Securities and
Exchange Commission
Burnett Plaza, Suite 1900
801 Cherry Street, Unit 18
Fort Worth, TX 76102
Telephone: (817) 978-3821
Facsimile: (817) 978-4927
guldem@sec.gov

ATTORNEY FOR PLAINTIFF SECURITIES
AND EXCHANGE COMMISSION

CERTIFICATE OF CONFERENCE

I certify that on June 14, 2024 I conferred with counsel for Bailey who indicated that Bailey agrees to the relief requested herein.

Matthew J. Gulde

Matthew J. Gulde

CERTIFICATE OF SERVICE

I affirm that on June 14, 2024, I electronically filed the foregoing document with the Clerk of the Court for the Northern District of Texas, Dallas Division, by using the CM/ECF system which will send a notice of electronic filing to all CM/ECF participants, constituting service as provided in LR 5.1 (d).

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